

Sinking fund is designed to retire 75% of debts. outstg. prior to maturity.

SECURITY—Not secured. Subordinate to all senior debt and rank pari passu with three other issues of subord. debts.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of a majority of debts. outstg.

RIGHTS ON DEFAULT—Trustee, or 25% debts. outstg. may declare principal due and payable (30 days' notice for payment of interest).

LISTED—On New York Stock Exchange.

PURPOSE—Proceeds used for all corporate purposes.

OFFERED—(\$25,000,000) at 100 plus accrued interest (proceeds to Co. 97%) on Nov. 30, 1979 thru Bear, Stearns & Co. and associates.

PRICE RANGE—1985 1984 1983 1982 1981
High 109 105 108½ 103½ 94½
Low 102 98½ 101½ 81½ 81½

Revolving Credit Agreement: Outstg., Dec. 31, 1985, \$151,500,000 under an agreement entered into with a group of banks and BHC, Inc.

Other Debt: Outstg., Dec. 31, 1985, \$57,000,000 14½% subordinated debentures, due 2000; issued by United Television, Inc. a majority owned company. For details, see Moody's OTC Industrial Manual.

Capital Stock: 1. **Chris-Craft Industries, Inc.**, \$1 prior preferred; no par (stated value, \$21.50); AUTH.—103,900 shs.; outstanding Dec. 31, 1985, 83,000 shs.; no par (stated value \$21.50). **PREFERENCES**—Has first preference as to assets and divs.

DIVIDEND RIGHTS—Entitled to cum. cash divs. of \$1 annually, payable quarterly, Mar. 31, etc.

DIVIDEND RECORD—Regular dividends paid through Dec. 31, 1970; 1971, nil; July 28, 1972, \$1.50, clearing arrears. Regular dividends paid thereafter.

LIQUIDATION RIGHTS—In any liquidation, entitled to \$21.50 a sh. plus divs.

VOTING RIGHTS—Each share is entitled to 0.3 vote. If dividends on prior preferred are in arrears for 6 quarters (\$1.50 per sh.) then holders may, as a separate class, elect three additional directors for as long as such dividends remain in arrears.

Consent of 66⅔% of pfd. needed to (a) increase authorized amount of pfd., (b) issue any stock ranking prior to or on a parity with pfd., (c) voluntarily dissolve, liquidate or wind up or carry out any partial liquidation or transactions such as "spin-off" or "split-up," (d) sell, transfer or lease all or substantially all assets, (e) merger or consolidate, (f) change terms adversely.

CALLABLE—As a whole or in part on at least 30 days' notice at \$25 a sh.

PREEMPTIVE RIGHTS—None.

TRANSFER AGENT & REGISTRAR—Chase Manhattan Bank, N.A., N.Y.

PURPOSE—Issued in June 1968 in connection with merger of Baldwin-Montrose Chemical Co., Inc. into Co.

LISTED—On NYSE (Symbol: CCN Pr A); also listed on Pacific Stock Exchange.

PRICE RANGE—1985 1984 1983 1982 1981
High 12½ 11¼ 10½ 9 10¼
Low 10½ 10¼ 8½ 6½ 6½

2. **Chris-Craft Industries, Inc.**, \$1.40 convertible preferred; no par (stated value, \$17.50);

AUTH.—360,572 shs.; outstanding, Dec. 31, 1985, 360,572 shs.; no par (stated value \$17.50).

PREFERENCES—Has preference after \$1 cum. conv. pfd. as to assets and divs.

DIVIDEND RIGHTS—Entitled to cum. divs. payable in conv. pfd. stock of a value of \$1.20 and cash of \$0.20 annually thru Mar. 1, 1973; and thereafter, cash of \$1.40 annually. Divs. payable semi-annually, Mar. 31 & Sept. 30.

DIVIDEND RECORD—Regular dividends paid through 1970; 1971, nil; 1972, \$0.3115 cash and 12.728% sh. of stk.; Feb. 28, 1973, \$0.10 cash and 0.04708 sh. stk., clearing arrears. Regular dividends paid through Sept. 30, 1973. None thereafter to Dec. 9, 1977 when \$2.10 per sh. paid. On Jan. 3, 1978 paid \$3.50 per sh. clearing arrears.

LIQUIDATION RIGHTS—In any liquidation, entitled to \$23 a sh. plus divs.

VOTING RIGHTS—Has 2.1 votes per sh. with non-cumulative voting for directors except if divs. are in arrears for 3 semi-annual payments then pfd. voting as a class may elect 2 directors.

Consent of 66⅔% of pfd. needed to (a) increase authorized amount of pfd., (b) issue prior stock or (c) change terms adversely. Consent of majority of pfd. needed to (a) create any class of stock ranking on a parity with pfd., (b) voluntarily dissolve, liquidate or wind up or carry out any partial liquidation or transaction such as "spin-off" or "split-up," (c) sell, transfer or lease all or substantially all assets, or (d) merge or consolidate.

CALLABLE—As a whole or in part on or after June 1, 1971 on at least 30 days' notice at \$40 a sh. Pfd. may be redeemed before June 1, 1971 upon redemption or elimination of all outstg. prior pfd. Pfd. may not be redeemed unless net worth of surviving corporation shall, immediately after redemption, be not less than liquidation preference of prior pfd.

CONVERTIBLE—Into com. at any time on basis of 7.29387 com. shs. for each pfd. sh. held (adj. for stk. splits and divs. through Jan. 1983). Conversion privilege protected against dilution.

PREEMPTIVE RIGHTS—None.

TRANSFER AGENT & REGISTRAR—See \$1 prior pfd. (above).

PURPOSE—Issued in June 1968 in connection with merger of Baldwin-Montrose Chemical Co., Inc. into Co.

LISTED—On NYSE (Symbol: CCN Pr B); also listed on Pacific Stock Exchange.

PRICE RANGE—1985 1984 1983 1982 1981
High 425 234 177 141 87¼
Low 312 187 142¾ 76¾ 67¼

3. **Chris-Craft Industries, Inc.** common; par 50 cents;

AUTHORIZED—20,000,000 shs.; outstg. Dec. 31, 1985, 6,407,840 shs.; reserved for conv. of pfd., 2,773,353 shs.; reserved for options, 1,326,516 shs.; reserved for stock purchase plan, 20,000 shs.; par \$0.50.

\$1 par shares split 2-for-1 May 19, 1969; \$0.50 par shares split 3-for-1 Feb. 10, 1983.

VOTING RIGHTS—Has one vote per share subject to rights of preferred stocks.

PREEMPTIVE RIGHTS—None.

DIVIDENDS PAID—

1937 \$0.25 1938-39 Nil 1940 \$0.70
1941 0.60 1942 \$0.15 1943 0.50
1944 Nil 1945 0.30 1946-47 0.60
1948 1.00 1949 1.60 1950 1.70
1951-53 2.00 1954 1.25 1955 1.00
1956 0.75 1957-59 Nil 1960 0.25
1961 Nil 1962-65 2. 1966 0.25
1967 1.30 1968 1.00 1969 0.30
1970 2. 1971-78 Nil 1979-82 2. 1983-84 2 1985 Nil 1986 3

\$0.50 par shs. after 3-for-1 stk split:

1983-84 2 1985 Nil 1986 3

1 Paid in cash or 1/400th share of former 6% preferred.

2 Also stock dividends: 1955, 10%; 1962-66, 5% each year; 1969, \$0.25 com. stk.; 1970, \$0.30 com. stk.; 1979-80, 3%; 1981-82, 5%; 1983 and 1984, 2%.

3 12% stock dividend to Apr. 22.

TRANSFER AGENT—Morgan Guaranty Trust Co., NYC.

DIVIDEND DISBURSING AGENT—Morgan Guaranty Trust Co., N.Y.C.

REGISTRAR—Citibank N.A., NYC.

LISTED—On NYSE (Symbol: CCN); also listed on Pacific Stock Exchange. Unlisted trading on Midwest Stock Exchange.

PRICE RANGE—1985 1984 1983 1982 1981
High 58¼ 35¼ 30¾ 58¼ 40
Low 33¼ 24¾ 19¼ 31¼ 26¾
1 After 3-for-1 split; before, 61½-31¼.

Debenture Exchange Offer: Pursuant to exchange offers which expired in Sept. and Oct., 1972, Company issued \$766,000 of 10% subordinated debentures in exchange for \$730,000 principal amount of 7% subordinated debentures, and \$4,608,000 of 10% subordinated debentures and 153,600 shares of common stock in exchange for \$7,680,000 principal amount of 6% convertible subordinated debentures.

CHROMALLOY AMERICAN CORP.

History: Incorporated in Delaware, Aug. 26, 1968 as successor to co. originally incorporated in New York May 3, 1951 as Chromalloy Corp. of New York; name changed to Chromalloy Corp. Oct. 4, 1955; present name adopted Mar. 1, 1966.

From 1957 to present, Company has acquired a number of companies in the metal fabrication, transportation, apparel, petroleum services, farm and industrial/commercial products businesses, principally through issuance of shares of its common stock. For details of these acquisitions, see Moody's 1981 Industrial Manual.

In July, 1981, Company acquired Flowers Marine Group for common stock, promissory notes and cash.

In Dec. 1982, Co. sold its Newman Foundry Division, in Kendallville to Dayton Malleable, Inc. for approximately \$14,000,000.

In Jan. 1983, sold F.M.S. Transportation, Inc. and McBride's Express, Inc. to Air Meridian, Inc. of Chicago. Details were not disclosed.

Under its "divestment program," Company has sold or liquidated 60 businesses from 1978 to present. During 1981 Company has divested of the following operating units: Industrial Testing Labs, Hawk Bilt, Jefferson Construction, Servus Rubber-Vinyl Division, and Leon Ferenbach. Company has 25 additional businesses planned for disposal in the following business sectors: farm equipment, industrial/commercial products, foundries and trucking. In accordance with Accounting Principles Board Opinion No. 30, Company has reclassified these businesses as "discontinued operations" for financial reporting purposes. However, they will remain in operation until sold. The divestment program is anticipated to be substantially completed in 1983.

In Aug. 1983, Co. sold its majority interest in Laidig, Inc.

In Jan. 1984, Co. sold Schwartz Manufacturing Co. for \$4,000,000.

In May, 1986, acquired TRW Inc.'s Turbine Airfoils Division.

Business: Co. is a multi-industry business which produces and sells broad range of prod-

ucts and services through the divisions below:

Metal Fabrication: Developed advanced metallurgical and other manufacture, repair and coating and other metal components of engines. Other companies in overhaul turbine engines, coat metal buildings, and manufacture machine tools.

Transportation: Includes one of barge lines in the U.S., a fleet of tankers, intracoastal barges and is the nation's largest new and used leading manufacturer of bus and truck supplier of bus replacement parts, which operates and provides management for city transit systems.

Apparel: Includes women's and apparel manufacturing and distributes a chain of men's specialty textile manufacturing operation.

Petroleum Services: Manufacture oil and gas field equipment, marine fluids and chemicals and manufacture replacement parts for pumps, valves, and other industrial equipment.

Financial Services: Engaged in the property-casualty insurance business in the northeastern U.S. and Canada, and real estate holding company.

Property: Co. occupies manufacturing facilities, office and warehouse in 43 states and the District of Columbia, foreign countries and owns other operating assets, principally those in its marine transportation operation.

Subsidiaries

American Transit Corp. (Mo.)
Chromalloy American Insurance Group
Sabine Towing & Transportation (Del.)

Chromalloy Research & Technology
Chromalloy Computer Technology
Inland Barge
Chromalloy Textile Apparel
Chromalloy Petroleum Services

Officers

N.E. Alexander, Chmn., Pres. & Chief Off.

W.E. Stevens, Pres. & Chief Oper. Off.
G.L. Phillips, Senior Exec. Vice-Pres.
T.G. Barnett, Exec. Vice-Pres.—Fin. Off.

J.P. Denneen, Exec. Vice-Pres.; Gen. Sec.

J.J. Quicke, Vice-Pres. & Contr.

Vice-Presidents

A.W. Clubb E.M. Felago
P.G. Meinz J.A. Silkwood
C.E. Self, Treas. T.J. Phelps

Directors

N.E. Alexander S.Z. Krinsky
Robert Bennett M.L. Midonick
A.L. Fergenson F.R. Sullivan
Allan Kramer G.L. Phillips

Auditors: Peat, Marwick, Mitchell & Co.
Corporate Counsel: Whitman & Esqs., N.Y.

Annual Meeting: In Apr.

No. of Stockholders: Feb. 28, 1986; 7,833.

No. of Employees: Dec. 31, 1985, 12,350.

Executive Office: 120 South Central
Louis, MO 63105. Tel.: (314) 726-9200.

Consolidated Income Account, year ended Dec. 31 (\$000 omitted):

	1985	1984
Net sales & revs.	873,234	865,646
Cost of sales	533,945	522,078
Cost of oper. revs.	122,408	139,944
Selling, etc., exps.	166,160	163,752
Oper. income	50,721	39,872
Other inc., net	22,477	1,009
Total	48,244	40,881
Interest exp.	27,622	34,588
Other exps.	29,500	29,500
Income taxes	4,459	4,459
Equity loss	4,491	2,795
Inc. contin. oper.	2,172	2,172
1 Earn., com. share	20,127	20,127
Loss discontin. oper.	2,172	2,172
Net income	135,536	135,536
Prev. retain. earns.	8,053	8,053
Common divs.	192,655	192,655
Retained earn.	230,877	230,877
Earn., com. share	15,261	15,261
Yr.-end com. shs.	15,261	15,261
1 On 15,261,000 (1984, 15,261,000) shs. 2 Provision for		

Consolidated Balance Sheet, as of Dec. 31

	1985	1984
Assets:		
Current assets:		
Cash and equivalents	14,628	25,339
Accounts receivable, net	119,588	109,481
Inventories	129,103	135,172
Prepaid expenses, etc.	15,064	31,054
Fixed assets:		
Property, plant, and equipment	278,383	301,046
Goodwill	347,052	358,296
Other intangible assets	5,559	3,974
Deferred charges	26,001	31,050
Total assets	656,995	694,366
Liabilities:		
Current liabilities:		
Accounts payable	43,349	39,749
Notes payable	67,344	68,970
Other payables	75,049	69,773
Long-term liabilities:		
Bonds payable	185,742	178,492
Mortgage notes payable	163,523	224,655
Other long-term debt	40,176	22,467
Preferred stock (\$1)	805	806
Common stock (\$1)	15,261	15,260
Retained earnings	120,973	120,973
Accumulated other comprehensive income	129,655	135,536
Total liabilities	656,995	694,366

Term Debt: Outstanding Dec. 31, 1985, \$17,000,000 comprised of:

- \$7,000,000 9.47% insurance co. loan payable annually thru 1995.
- \$15,296,000 12.5% insurance co. loan payable annually thru 1997.
- \$65,357,000 United States Government Merchant Marine Bonds, average interest of 12.0%, payable thru 2005.
- \$23,955,000 first preferred ship mortgage, average interest of 9.2%, payable thru 1996.
- \$8,782,000 weighted average interest rate of 9.5% and 10.5% mortgage notes payable thru 1996.
- \$6,437,000 other debt, payable thru 1993.

In Oct. 1985, the Co. cancelled its bank revolving credit agreement and replaced it with a 60-month agreement in March, 1986, under which it may borrow up to \$45 million. The interest rate of the new bank revolving credit agreement is equal to the prime rate, and annual commitment fees of 1/2 of 1% on unused portion of the commitment are reduced.

In the fourth quarter of 1985, the Co. also amended certain loan agreements which had restricted the declaration or payment of cash dividends and the purchase, redemption or retirement of capital stock. The amended agreements permitted payment of the preferred cash dividends which had been in arrears. Declaration or payment of future dividends is restricted based on specified levels of earnings, as defined. At Dec. 31, 1985, \$4.2 million of reinvested earnings were available for payment of future dividends.

The amended loan agreements and the new revolving credit agreement contain restrictive covenants which, among other things, require the Co. to maintain minimum amounts of net worth and working capital, maintain a specified minimum ratio of current assets of current liabilities and not to exceed a stipulated ratio of debt to capitalization, as defined. Under the most restrictive covenant at Dec. 31, 1985, consolidated net worth was approximately \$21.0 million above the minimum amount required.

At Dec. 31, 1984, the Co. had classified \$20.7 million of short-term government insured Merchant Marine Bonds as long-term debt on its intention to refinance on a long-term basis. This amount was refinanced in 1985 with proceeds from the issuance of long-term government insured Merchant Marine Bonds.

Property and equipment having an aggregate net carrying value of approximately \$155 million and \$166.9 million at Dec. 31, 1985, was pledged as collateral under agreements.

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LIQUIDATION RIGHTS—In liquidation, entitled to \$41.62 a sh. if involuntary; if voluntary, redemption price plus divs.
VOTING RIGHTS—Has 1 vote per sh.
CALLABLE—As a whole or in part, to each June 30, incl., as follows (in \$):
 1988 101 1/2 100.

Beginning July 1, 1988.
CONVERTIBLE—Into com. at rate of 3.888 com. shs. per pfd. sh.

TRANSFER AGENTS—Manufacturers Hanover Trust Co., N.Y.; Mercantile Trust Co., N.A., St. Louis, Mo.

REGISTRARS—Manufacturers Hanover Trust Co., N.Y.; Centerre Trust Co. of St. Louis.

LISTED—On NYSE (Symbol: CRO Pr).

PRICE RANGE: 1985 1984 1983 1982 1981
 High 79 54 3/4 60 1/2 75 1/8 108 1/2
 Low 45 42 48 1/2 42 75

2. Chromalloy American Corp. common; par \$1:
 Authorized, 30,000,000 shares; outstanding, Dec. 31, 1985, 15,261,188 shs.; reserved for options, 699,950 shs.; reserved for conversion of pfd., 3,131,170 shs.

Ten cent par shares split 3-for-2 Sept. 15, 1967; par changed from \$0.10 to \$1 by 3-for-2 split Nov. 20, 1968.

One vote per share. No preemptive rights.

Dividends (since 1961):

1961 Nil 1962-63 Nil 1964 Nil
 1965 \$0.40 1966 \$0.50 1967 \$0.47 1/2

After 3-for-2 split:

1967 0.12 1/2 1968 0.59
 On \$1 par shs. after 3-for-2 split:

1969 0.44 1970 0.50 1971 0.55
 1972 0.60 1973 0.62 1/2 1974-75 0.70
 1976 0.80 1/2 1977 0.92 1978 1.02 1/2
 1979-80 1.10 1981 1.10 1982 0.72 1/2
 1983-85 Nil

1 Paid stock dividends: 1961, 4%; 1964, 5%.

Dividend Reinvestment Plan: Company offers dividend reinvestment plan for preferred and common dividends. The plan allows shareholders to automatically reinvest their dividends in additional common shares.

Transfer Agents: Manufacturers Hanover Trust Co., N.Y.; Mercantile Trust Co. N.A., St. Louis, Mo.

Registrars: Manufacturers Hanover Trust Co., N.Y.; Centerre Trust Co. of St. Louis.

Listed: On NYSE (Symbol: CRO).

Price Range: 1985 1984 1983 1982 1981
 High 17 3/8 13 7/8 14 3/4 18 7/8 28 1/4
 Low 9 3/4 9 3/8 8 7/8 7 1/4 16 3/4

CHURCH'S FRIED CHICKEN, INC.

History: Incorporated in Texas in April 1965 as Church's Food Service Industries, Inc.; present name adopted Oct. 6, 1968.

On Jan. 31, 1972 acquired Church's Chicken of Fort Worth, Inc. for 32,556 com. shs.

On July 13, 1979 acquired a 51% interest in Dining of California, Inc.

In Aug. 1980 Co. acquired 78 retail fried chicken outlets in the Houston-Galveston area for Host International Inc. Price terms were not disclosed.

In Nov. 1982 acquired 11 stores in N.Y.C. area.

In Sept., 1983 acquired Ron's Krispy Fried Chicken, Inc. for \$7,500,000.

Business: Co. sells fried chicken, chicken nuggets, fried catfish, and complementary food items through company-operated and franchised stores. Complementary menu items include french fried potatoes, coleslaw, corn-on-the-cob, Cajun rice, okra, peppers, pies, soft drinks, and iced tea.

Property: As of Dec. 31, 1985, Co. operated 1,271 stores in 28 states. In addition, at Dec. 31, 1985, there were 278 stores operated by franchisees in 28 states, the District of Columbia, Bahamas, Canada, Indonesia, Mexico, Panama, Puerto Rico and Sultanate of Oman. The Co. and franchisees now operate chicken stores in 37 of the 50 states.

Joint Venture: In Mar. 1980 Co. and Agency Records Control Inc., a subsidiary of Firemen's Fund, formed a joint venture to manufacture and sell electronic data terminals for business. Co. ordered units from the joint venture to be used in Co.'s fast food restaurants.

Annual Meeting: In Apr.
General Counsel: Cox & Smith, Inc.
No. of Stockholders: Dec. 31, 1985
No. of Employees: Dec. 29, 1985
Executive Office: 355A Spencer
 Box BH001, San Antonio, TX
 (512)735-9392.

Consol. Income Acct., yrs. ended

	12/29/85	12/30/84
Sales	540,191	533,191
Royalty fees	3,487	3,487
Other revs.	5,082	5,082
Total	548,760	541,760
Cost of sales	208,568	206,568
Sell., etc. exp.	283,089	261,089
Close store prov.	18,477	18,477
Interest	724	724
Income taxes	14,535	33,649
Net income	23,367	42,367
Prev. retain. earn.	247,661	219,661
Divs. (cash)	16,206	14,206
Div. (stk.)	765	765
Retain. earn.	254,057	247,057
Earn., com. share	\$0.62	\$1.00
Yr. end com. shs.	37,728,158	37,654,158
After \$28,048,000 (1984, \$23,975,000) deprec. & amort.	On 37,760,972; 1983, 38,118,626	avg. com. shs. adj. for 3-for-2 split 5/83 & 100% s

Consol. Balance Sheet, as of (\$000)

Assets:		12/29/85
Cash & invests.		8,560
Receivables, net		6,344
Inventories		14,304
Income taxes rec.		3,649
Def. tax chg.		2,576
Prepayments, etc.		1,164
Total curr.		36,597
Prop., etc., net		324,103
Notes receiv.		7,694
Other assets		4,454
Total		372,848
Liabilities:		
Notes, etc. pay.		861
Accts. pay.		29,373
Accruals		20,713
Income taxes	
Total curr.		50,947
Long-tm. debt		32,468
Cap. lease oblig.		6,683
Def. inc. taxes		8,131
Other liabil.		1,293
Com. stk. (\$0.04)		1,530
Add. pd. in cap.		24,019
Retain. earn.		254,057
Stkhd. equity		279,606
Reacq. stk.		6,015
Def. compensation		dr265
Net stkhd. eq.		273,326

Total 372,848

Net curr. assets d14,350

Net tang. share \$7.24

Deprec., etc. 112,994

At lower of cost (fifo) or mkt. at cost: 1985, 519,735; 1984, 531,570.

Note: Above statements give effect to 1985 stk. div.

Long-Term Debt: Outstg. Dec. 31, 1985, \$28,048,000 consisting of:

(1) \$600,000 9 1/2%-12% promissory payable due from 1987-1990.

(2) \$1,670,000 8 3/4%-9 1/2% mortgage payable, due thru 1998.

(3) \$30,000,000 8.6%-9.5% revolving notes.

(4) \$521,000 other debt.

During 1985 the co. negotiated a revolving credit agreement with participating banks. This agreement for a \$30.0 million unsecured line through Sept. 1988, with interest rates at either prime rate or rates fixed certificates of deposit or rates. Any amounts outstanding at Dec. 31, 1985 may be converted into four loans payable in sixteen equal quarterly payments also.

Balance Sheet, as of Dec. 31

	1985	1984
Assets		
Current	14,628	25,339
Fixed	119,588	109,481
Other	129,103	135,172
Total	15,064	31,054
Liabilities		
Current	278,383	301,046
Fixed	347,052	358,296
Other	5,559	3,974
Total	26,001	31,050
Equity	656,995	694,366

Current assets: 185,742; 178,492
 Fixed assets: 163,523; 224,655
 Other assets: 40,176; 22,467
 Total assets: 15,064; 31,054
 Current liabilities: 278,383; 301,046
 Fixed liabilities: 347,052; 358,296
 Other liabilities: 5,559; 3,974
 Total liabilities: 26,001; 31,050
 Equity: 656,995; 694,366

1985, \$311,587,000; 1984, \$282,417,000.

Term Debt: Outstanding Dec. 31, 1985,

\$7,000,000 comprised of:

(1) \$7,000,000 9.47% insurance co. loan

annually thru 1995.

(2) \$15,296,000 12.5% insurance co. loan

annually thru 1997.

(3) \$65,357,000 United States Government

Marine Bonds, average interest of

12.0% and 12.0%, payable thru 2005.

(4) \$21,955,000 first preferred ship mortg.

average interest of 9.2%, payable thru

1996.

(5) \$8,782,000 weighted average interest

of 9.5% and 10.5% mortgage notes pay-

able thru 1996.

(6) \$6,437,000 other debt, payable thru 1993.

In Oct. 1985, the Co. cancelled its bank re-

volving credit agreement and replaced it with

a new 30-month agreement in March, 1986,

under which it may borrow up to \$45 million.

The interest rate of the new bank revolving

credit agreement is equal to the prime rate,

plus annual commitment fees of 1/2 of 1% on

the unused portion of the commitment are re-

stricted based on specified levels of

earnings, as defined. At Dec. 31,

\$1.9 million of reinvested earnings were

available for payment of future dividends.

The amended loan agreements and the new

credit agreement contain restrictive

provisions which, among other things, require

the Co. to maintain minimum amounts of net

working capital, maintain a speci-

fied ratio of current assets of cur-

rent liabilities and not to exceed a stipulated

ratio of debt to capitalization, as defined.

Under the most restrictive covenant at Dec.

31, 1985, consolidated net worth was approxi-

mately \$21.0 million above the minimum

required.

At Dec. 31, 1984, the Co. had classified \$20.7

million of short-term government insured

Marine Bonds as long-term debt

with its intention to refinance on a long-

term basis. This amount was refinanced in

1985 with proceeds from the issuance of

long-term government insured Mer-

chant Marine Bonds.

Property and equipment having an agree-

ment carrying value of approximately

\$166.9 million at Dec. 31,

1984, respectively, was pledged as

collateral under various loan agreements.

Under certain of the Co.'s consolidated

agreements, loans, advances and cash

are to be repaid to the parent under cov-

erences contained in their respective loan

agreements and to a much lesser extent, by

government regulations. At Dec. 31,

restricted net assets of consolidated and

unrestricted subsidiaries aggregated \$62.6

million.

Stock 1. Chromalloy American Corp. \$5

convertible preferred; par \$1.

All series: 1,825,000 shs.; outstand-

ing: 1985, 805,342 shs.; par \$1.

Dividends—Has preference for assets

and income.

Dividends—Entitled to cum. cash

dividends, payable quarterly, Feb. 1,

1983; none thereafter until

\$11.00 per sh. paid clearing

the record.

Investment Plan—

LIQUIDATION RIGHTS—In liquidation,

entitled to \$41.62 a sh. if involuntary; if volun-

tary, redemption price plus divs.

VOTING RIGHTS—Has 1 vote per sh.

CALLABLE—As a whole or in part, to each

June 30, incl., as follows (in \$):

1988, 101; 1989, 100

Beginning July 1, 1988,

Convertible—Into com. at rate of 3.888

com. shs. per pfd. sh.

TRANSFER AGENTS—Manufacturers

Hanover Trust Co., N.Y.; Mercantile Trust

Co., N.A., St. Louis, Mo.

REGISTRARS—Manufacturers Hanover

Trust Co., N.Y.; Center Trust Co. of St.

Louis.

LISTED—On NYSE (Symbol: CRO Pr).

PRICE RANGE: 1985 1984 1983 1982 1981

High 79 54 60 75 108

Low 45 42 48 42 75

2. Chromalloy American Corp. common; par \$1:

Authorized, 30,000,000 shares; outstanding,

Dec. 31, 1985, 15,261,188 shs.; reserved for op-

tions, 699,950 shs.; reserved for conversion of

pfd., 3,131,170 shs.

Ten cent par shares split 3-for-2 split Sept.

15, 1967; par changed from \$0.10 to \$1 by 3-

for-2 split Nov. 20, 1968.

One vote per share. No preemptive rights.

Dividends (since 1961):

1961 1962-63 Nil 1964

1965 \$0.40 1966 \$0.50 1967 \$0.47 1/2

After 3-for-2 split:

1967 1968 0.12 1968 0.59

On \$1 par shs. after 3-for-2 split:

1969 0.44 1970 0.50 1971 0.55

1972 0.60 1973 0.62 1974-75 0.70

1976 0.80 1977 0.92 1978 1.02 1/2

1979-80 1.10 1981 1.10 1982 0.72 1/2

1983-85 Nil

Dividend stock dividends: 1961, 4%; 1964, 5%.

Dividend Reinvestment Plan: Company of-

fers dividend reinvestment plan for preferred

and common dividends. The plan allows

shareholders to automatically reinvest their

dividends in additional common shares.

Transfer Agents: Manufacturers Hanover

Trust Co., N.Y.; Mercantile Trust Co., N.A.,

St. Louis, Mo.

Registrars: Manufacturers Hanover Trust

Co., N.Y.; Center Trust Co. of St. Louis.

Listed: On NYSE (Symbol: CRO).

Price Range: 1985 1984 1983 1982 1981

High 79 54 60 75 108

Low 45 42 48 42 75

CHURCH'S FRIED CHICKEN, INC.

History: Incorporated in Texas in April 1965

as Church's Food Service Industries, Inc.;

present name adopted Oct. 6, 1968.

On Jan. 31, 1972 acquired Church's Chicken

of Fort Worth, Inc. for 32,556 com. shs.

On July 13, 1979 acquired a 51% interest in

Dining of California, Inc.

In Aug. 1980 Co. acquired 78 retail fried

chicken outlets in the Houston-Galveston area

for Host International Inc. Price terms were

not disclosed.

In Nov. 1982 acquired 11 stores in N.Y.C.

area.

In Sept., 1983 acquired Ron's Krispy Fried

Chicken, Inc. for \$7,500,000.

Business: Co. sells fried chicken, chicken

nuggets, fried catfish, and complementary

food items through company-operated and

franchised stores. Complementary menu items

include french fried potatoes, coleslaw, corn-

on-the-cob, Cajun rice, okra, peppers, pies,

soft drinks, and iced tea.

Property: As of Dec. 31, 1985, Co. operated

1,271 stores in 28 states. In addition, at Dec.

31, 1985, there were 278 stores operated by

franchisees in 28 states, the District of Colum-

bia, Bahamas, Canada, Indonesia, Mexico,

Panama, Puerto Rico and Sultanate of Oman.

The Co. and franchisees now operate chicken

stores in 37 of the 50 states.

Joint Venture: In Mar. 1980 Co. and Agency

Records Control Inc., a subsidiary of Fire-

mens Fund, formed a joint venture to manu-

facture and sell electronic data terminals for

business. Co. ordered units from the joint ven-

ture to be used in Co.'s fast food restaurants.

Officers

J.D. Bamberger, Chmn., & Chief Exec. Off.

R.F. Sherman, Pres. & Chief Oper. Off.

J.S. Parker, Exec. Vice-Pres.

R.E. Hilgenfeld, Senior Vice-Pres.

J.F. Barreau, Senior Vice-Pres.-Constr. & Mfg.

L.B. Kilbourne, Senior Vice-Pres. & Chief Fin.

Off.

Vice-Presidents

T.W. Baker

S.E. Faye

N.D. Frumkin

E.R. Perry

R.N. Trimble

J.A.C. Cote

J.R. Hale, Sec.

P.G. Hargett, Controller

Directors

A.H. Half

Sangwoo Ahn

J.D. Bamberger

R.E. Longoria

R.F. Sherman

D.W. Gibbs

N.D. Mecham

T.H. Turkett

E.T. Marlatt

Mary A. McBride

G.N. Samaras

Annual Meeting: In Apr.

General Counsel: Cox & Smith, Inc.

No. of Stockholders: Dec. 31, 1985, 4,525.

No. of Employees: Dec. 29, 1985, 16,100.

Executive Office: 355A Spencer Lane, P.O.

Box BH001, San Antonio, TX 78284. Tel:

(512)735-9392.

Consol. Income Acct., yrs. ended (\$'000 omit-

ted):

Sales 12/29/85 12/30/84 12/25/83

540,191 533,208 454,490

Royalty fees 3,487 3,654 3,444

Other revs. 5,082 8,467 6,215

Total 548,760 545,329 464,149

Cost of sales 208,568 206,141 177,075

Sell., etc. exp. 283,089 261,224 223,350

Close store prov. 18,477 3,465

Interest 724 1,670 1,434

Income taxes 14,535 33,699 27,273

Net income 23,367 42,595 31,552

Prev. retain. earn. 247,661 219,786 201,941

Divs. (cash) 16,206 14,720 13,453

Div. (stk.) 765 254

Retain. earn. 254,057 247,661 219,786

Earn., com. share \$0.62 \$1.13 \$0.83

Yr. end com. shs. 37,728,158 37,654,120 38,078,762

After \$28,048,000 (1984), \$23,958,000; 1983,

\$21,233,000 deprec. & amort. On 37,814,296 (1984),

\$7,760,972; 1983, \$8,118,626 avg. com. & com. equiv.

shs. adj. for 3-for-2 split 5/83 & 100% stk. div. 4/85.

Consol. Balance Sheet, as of (\$'000 omitted):

Assets 12/29/85 12/30/84

Cash & invests. 8,560 33,708

Receivables, net 6,344 9,353

Inventories 14,304 12,914